

# **MEDICARE GEOGRAPHIC CLASSIFICATION REVIEW BOARD**

## **2009 JOINT APPLICATION AND INSTRUCTIONS FOR HOSPITAL GROUP GEOGRAPHIC RECLASSIFICATION EFFECTIVE FEDERAL FISCAL YEARS 2011 THROUGH 2013**

### **INTRODUCTION**

This package contains the material that individual hospitals will need to apply as a group for geographic reclassification in 2009 under the Medicare hospital inpatient prospective payment system (IPPS). Completed applications are due to the Medicare Geographic Classification Review Board (Board) office no later than **5:00 p.m. EDT, September 1, 2009**. Reclassifications granted by the Board for the Wage Index will be effective for a 3-year period, Federal Fiscal Years (FFYs) 2011 through 2013 (October 1, 2010 through September 30, 2013).

Hospital groups requesting reclassification must complete this application and furnish all available supporting documentation by September 1, 2009. Hospitals should read the instructions carefully. Failure to submit appropriate or complete information as explained in the instructions may result in a delayed review or dismissal by the Board.

A hospital may apply for reclassification individually, as a member of a group of hospitals, and/or as a member of a Statewide Wage Index area. Federal regulations at 42 C.F.R. §§ 412.230ff provide the guiding regulatory criteria and conditions for such applications.

The individual, group, and Statewide wage index applications and instructions will be available via the Internet at [http://cms.hhs.gov/MGCRB/02\\_instructions\\_and\\_applications.asp](http://cms.hhs.gov/MGCRB/02_instructions_and_applications.asp). To request an individual, group, or Statewide wage index application, or for questions, hospitals should call (410) 786-1174.

**PLEASE NOTE:** These instructions and corresponding application are being printed and distributed before the Final Hospital IPPS Rule is issued. The Final IPPS Rule should be published in the Federal Register by mid-August 2009. (The Final IPPS Rule should also be on display approximately 2 weeks prior to the publication date on the CMS Internet website at <http://cms.hhs.gov/center/hospital.asp>.) Applications and instructions have been developed based on current regulatory criteria regarding hospital redesignation as well as changes and clarifications discussed in the Proposed Hospital IPPS Rule that was published in the Federal Register (74 Fed. Reg. 24080) on May 22, 2009. Applicants are encouraged to review the Final Hospital IPPS Rule prior to filing an application as the Board will utilize the Final Hospital IPPS Rule, rather than the Proposed Rule, in making decisions on hospital reclassification applications. The Board will be unable to issue further instructions prior to the date by which hospitals must submit an application for geographic reclassification (September 1, 2009).

## INSTRUCTIONS

### GENERAL

All Medicare, acute care, IPPS hospitals in a county may file a joint, i.e., group, application with the Medicare Geographic Classification Review Board (Board). Every IPPS hospital in the county must be a member of the group application. A hospital that is the only IPPS hospital in its county may also apply as a group.

The Board may reclassify a rural group only to an urban area, and an urban group only to another urban area. Federal regulations at 42 C.F.R. § 412.232 set forth the criteria for hospitals in a rural county seeking urban designation and 42 C.F.R. § 412.234 contains the criteria for all hospitals in an urban county seeking redesignation to another urban county.

The Board can reclassify a group only for the purpose of using the requested area's wage index, i.e., the Board cannot reclassify a hospital group for the Standardized Amount. Reclassifications for the wage index granted by the Board for a hospital group applying in 2009 are effective for discharges occurring for a 3-year period, FFYs 2011 through 2013 (October 1, 2010 through September 30, 2013). Both rural groups and urban groups must meet the wage comparison discussed later in these instructions in order to be reclassified by the Board for the wage index. (See section entitled "WAGE CRITERIA – 88 PERCENT COMPARISON.")

If the group is requesting reclassification for FFY 2011 to the same geographic area to which it is already reclassified for the wage index for FFY 2011 (as part of a 3-year cycle established through the Board's approval of a prior year group application), the Board will not approve the group's application to the same area for FFY 2011. The Board, however, can approve a group's application for the wage index for the period FFY 2011 through FFY 2013 if the group's request is to a different geographic area than the area to which the group is currently reclassified for FFY 2011 under a prior 3-year wage index reclassification.

The Board will rule on a group reclassification request before it rules on a hospital's individual request. If the Board reclassifies a group, it will dismiss any individual reclassification applications filed by the hospitals in the group.

The Centers for Medicare & Medicaid Services (CMS) defines hospital labor market areas based on the Core Based Statistical Areas (CBSAs) established by the Office of Management and Budget (OMB) and announced in December 2003 (69 FR 49027). OMB standards designate two categories of CBSAs, Metropolitan Statistical Areas (MSAs) and Micropolitan Statistical Areas (Micropolitan Areas). MSAs are based on urbanized areas with a population of 50,000 or more and Micropolitan Areas are based on urban clusters with a population of at least 10,000 but less than 50,000. Counties that do not fall within CBSAs are deemed "Outside CBSAs."

CMS uses MSAs to define urban labor market areas. Under the revised MSA criteria based on CBSA definitions, eleven MSAs contain Metropolitan Divisions. A Metropolitan Division is a county or group of counties within a CBSA that contains a core population of at least 2.5 million, representing an employment center, plus adjacent counties associated with the main county or counties through employment ties. CMS treats the Metropolitan Divisions of MSAs as labor market areas. Hospitals in Micropolitan Areas and outside CBSAs are included in the Statewide rural labor market area.

For application purposes, hospitals applying as a group for wage index value reclassification for the period FFY 2011 through FFY 2013 should use the rural and urban area names and identification codes found at [http://cms.hhs.gov/MGCRB/02\\_instructions\\_and\\_applications.asp](http://cms.hhs.gov/MGCRB/02_instructions_and_applications.asp). The Board will treat hospitals in MSAs and Metropolitan Divisions as “urban hospitals” and hospitals in Micropolitan Areas and hospitals outside CBSAs as “rural hospitals” for application purposes. Hospitals located in rural counties redesignated as urban under 1886(d)(8)(B) of the Social Security Act (“Lugar” hospitals), as well as hospitals in two of the five New England counties “deemed” urban under the Social Security Amendments of 1983, i.e., Litchfield County, Connecticut, and Merrimack County, New Hampshire, although “deemed” urban to designated CBSAs themselves, are treated as “rural hospitals.”

The Board ordinarily issues an on-the-record decision. However, the Board may hold an oral hearing on its own motion or if the applicant demonstrates to the Board’s satisfaction that an oral hearing is necessary. The Board will issue all of its decisions no later than 180 days after the deadline for receipt of applications. The deadline for receipt of the applications is September 1, 2009.

## **THE APPLICATION**

Hospitals applying as a group must use the 2009 joint application for hospital groups. If hospitals do not use this joint application, or if they fail to provide the required information, the Board may dismiss their request for reclassification. Submission of inappropriate documentation will delay Board review.

The group application consists of a series of questions and an affidavit that the appropriate hospital officer from each hospital in the group must sign. The completed affidavits signify each hospital’s official participation in the group. The Board may dismiss an application that fails to include a properly completed and signed affidavit from each IPPS hospital in the group by the due date of the application, i.e., September 1, 2009. The name and signature of the appropriate official of each IPPS hospital in the group is required, in the form of an affidavit, in order for an application to be complete. The group must also submit several attachments, all of which are specified in the application.

If a group has a primary and alternative (or secondary) request, it must submit complete applications for the primary application and each alternative request. The group should not combine the applications into one package and it should clearly mark each application as primary, secondary, etc. The group must also clearly specify the reclassification area for each application.

## **FILING AN APPLICATION**

A complete application package consists of an original and two legible copies of the application itself and its attachments. The Board does not accept applications submitted through the facsimile process or by other electronic means, nor does it accept applications completed in pencil, i.e., applications must be typed or clearly printed in ink.

The Board must receive all application packages by **5:00 p.m. EDT, September 1, 2009**. The Board will dismiss a group's request for reclassification if it does not receive the completed application by this deadline. The Board may, for good cause and at the request of the group, grant a group that has submitted an application by September 1 an extension beyond this date to complete the application.

The group must send an original and two copies of their completed application to **the Board's mailing address:**

**Medicare Geographic Classification Review Board  
2520 Lord Baltimore Drive  
Suite L  
Baltimore, Maryland 21244-2670**

The group may want to send their application by a delivery method that guarantees a signed receipt, indicating delivery and date of delivery of their packages to the Board. The same address for the Board is applicable for both U.S. mail and courier service. Applications submitted to CMS or any other address may be delayed and not received timely by the Board.

The group must simultaneously send a copy of their completed application to:

Centers for Medicare & Medicaid Services  
Center for Medicare Management  
Hospital & Ambulatory Policy Group  
Division of Acute Care  
7500 Security Boulevard  
Mail Stop C4-07-07  
Baltimore, Maryland 21244-1850  
Re: MGCRB Application

The CMS Hospital & Ambulatory Policy Group address is also applicable for both U.S. mail and courier service. Again, applications submitted to CMS may be delayed and not received timely by the Board.

## **WITHDRAWALS AND TERMINATIONS**

The following discussion of withdrawals and terminations is intended to address reclassifications granted by the MGCRB for the period covered in this application, i.e., FFY 2011 through FFY 2013. For FFY 2011 applications and reclassifications, the criteria for hospitals seeking to withdraw an application, to withdraw or terminate an approved 3-year wage index reclassification, and/or to cancel a previous withdrawal or termination are contained in 42 C.F.R . § 412.273.

Additional explanatory information regarding withdrawals, terminations, and the cancellation of a withdrawal or termination can be found in the Hospital Final IPPS Rules for FFY 2002, FFY 2003, FFY 2008, and FFY 2009 (see Federal Registers of August 1, 2001 (66 Fed. Reg. 39887-39888), August 1, 2002 (67 Fed. Reg. 50065–50066), August 22, 2007 (72 Fed. Reg. 47332-47334), and August 19, 2008 (73 Fed. Reg. 48586).

Generally, a hospital group may withdraw its application for reclassification anytime before the Board issues a decision. After a decision granting reclassification is issued, a group may withdraw a reclassification up to 45 days from the date of CMS's annual notice of proposed rulemaking for hospital inpatient prospective payment under Medicare. A hospital group's withdrawal request requires agreement by all hospitals in that group.

A group, or individual hospital within the group, may request to terminate the second and/or third year(s) of a 3-year wage index reclassification. Similar to a withdrawal, a hospital's request to terminate the second and/or third year(s) of an approved 3-year wage index reclassification must be received by the MGCRB within 45 days of the publication of the annual notice of proposed rulemaking concerning changes to the inpatient hospital PPS and proposed payment rates for the fiscal year for which the termination is to apply.

A hospital group that withdraws or terminates a 3-year wage index reclassification may also be able to cancel its withdrawal or termination in order to have any remaining years of the 3-year wage index value reclassification reinstated. An individual hospital within the group that terminates its second year of a 3-year group application may also be able to request to cancel that termination in order to have the remaining year of the 3-year hospital group reclassification reinstated. Requests to cancel a withdrawal or a termination in order to reinstate the remaining year(s) of the 3-year period must be received by the Board by the due date for the receipt of hospital applications for reclassification for the applicable Federal fiscal year.

All group withdrawal or termination requests, as well as requests by the group to cancel a withdrawal or a termination, must be in writing, signed by the appropriate official for each hospital in the group, and directed to the Board at the Board's address given in the preceding section. A termination request or a request to cancel a termination by an individual hospital within the group must also be in writing, signed by the appropriate hospital official, and directed to the Board at the Board's address given in the preceding section. A copy of the withdrawal, termination, or cancellation of a withdrawal request should also be sent to the CMS Hospital and Ambulatory Policy Group at that Group's address listed above.

**PLEASE READ THESE INSTRUCTIONS  
BEFORE COMPLETING THE APPLICATION**

**MEDICARE GEOGRAPHIC CLASSIFICATION REVIEW BOARD**

**2009 JOINT APPLICATION FOR HOSPITAL GROUP  
GEOGRAPHIC RECLASSIFICATION  
EFFECTIVE FEDERAL FISCAL YEARS 2011 THROUGH 2013**

**INSTRUCTIONS FOR COMPLETING  
THE APPLICATION**

The joint application consists of a series of questions that the group must answer. The application also includes an affidavit that each hospital in the group must complete.

The application lists several required attachments and the letter designations for these attachments. The group's responses to the questions in the application must be typewritten or clearly printed in ink.

The group must send the completed application, including all supporting documentation, so that the Board receives the package by **5:00 p.m. EDT, September 1, 2009**. If the group fails to comply with this deadline, the Board will dismiss its reclassification request. The Board does not accept applications submitted through the facsimile process or by other electronic means.

It is imperative that the group read these instructions before filling in the application. Also, inasmuch as the Final Hospital IPPS Rule could alter the provisions and information contained in the Proposed Hospital IPPS Rule of May 22, 2009 (74 Fed. Reg. 24080), the Board recommends that applicants review the Final Hospital IPPS Rule before completing and submitting an application. Tab 1 (Example of a Hospital Group Wage Index Comparison) at the end of these instructions provides an example of the required computations for the wage index reclassification request by the group.

**INSTRUCTIONS**

**I. GROUP INFORMATION**

1. Self-explanatory. All IPPS hospitals in a county must be members of the group application.
2. Identification codes for all rural and urban areas can be found at [http://cms.hhs.gov/MGCRB/02\\_instructions\\_and\\_applications.asp](http://cms.hhs.gov/MGCRB/02_instructions_and_applications.asp). If the group is an urban county, it should use the 5-digit code. If the group is a rural county, it should use the number of the State in which the county is located.

3. The group must show the mailing address, e-mail address, and telephone number of the person the Board should use for all correspondence and questions about the group's application. The hospital group is also responsible for keeping the Board apprised of any changes in contact information, including representative, postal address, telephone number and e-mail address. Changes must be made in writing. The Board will not accept changes electronically or through the facsimile process.
4. As **Attachment A** of the application, the group should provide a printed or typed list of all IPPS hospitals in the county, their addresses, and provider numbers (Columns A, B, and C of Attachment A). In addition, the group should also indicate whether any hospital in the group is filing a separate individual application with the Board for FFY 2011 (Column D) and, for any IPPS hospital that is already reclassified for the wage index in FFY 2011 as part of a 3-year wage index reclassification, include the identification code of the area to which it is reclassified (Column E).

All of the hospitals listed in Attachment A must be a part of the group application. The group should follow the format provided on the application in completing Attachment A.

In addition, as **Attachment B** of the application, the applicant should provide a current letter from the appropriate CMS Regional Office that lists the currently licensed IPPS hospitals in the county listed in item I.1. of the application.

## **II. RECLASSIFICATION REQUEST**

5. The group should use the name of the urban area to which it wants to be reclassified to complete this item. (See [http://cms.hhs.gov/MGCRB/02\\_instructions\\_and\\_applications.asp](http://cms.hhs.gov/MGCRB/02_instructions_and_applications.asp).) The Board may reclassify the group to one area only.
6. Self explanatory. Area identification codes are available at [http://cms.hhs.gov/MGCRB/02\\_instructions\\_and\\_applications.asp](http://cms.hhs.gov/MGCRB/02_instructions_and_applications.asp).
7. Self-explanatory.

## **III. GENERAL INFORMATION**

8. Self-explanatory.
9. Self-explanatory. The Board will rule on any Statewide Wage Index Area application first and then the Group application before it reviews any individual requests.

10. Section 401 of Public Law 106-113 amended Section 1886(d)(8) of the Social Security Act by adding paragraph E, which created a mechanism, separate and apart from the MGCRB, permitting hospitals located in urban areas to apply to be treated as being located in the rural area of the state in which the hospital is located (see 42 CFR § 412.103). Hospitals that are reclassified as rural under Section 1886(d)(8)(E) are not permitted to receive an additional reclassification by the MGCRB for a year in which the acquired rural redesignation is in effect (see 42 C.F.R. § 412.230(a)(5)(iii)).

In completing the group application, if any urban hospital in the county is currently classified as rural by the CMS regional office under 42 C.F.R. § 412.103 or has an application pending with the CMS regional office for reclassification as rural under this provision, check “Yes” to question 10.A. and/or 10.B. as applicable and include a list of the hospitals at **Attachment C**. Indicate in the list at **Attachment C** which hospitals, if any, are currently classified as rural under this provision, including the effective date of the reclassification, and which hospitals, if any, have a pending application for reclassification as rural by the CMS regional office. For urban hospitals that are currently reclassified as “rural” provide a copy of the CMS regional office approval letter at **Attachment C-1** and for those urban hospitals with a pending application to be reclassified as “rural” provide a copy of the hospital’s letter at **Attachment C-2**.

In addition, if, at the time of applying to the MGCRB, any hospital in the group that is currently reclassified as “rural” under this provision (10.A.), has written notice from the CMS regional office demonstrating that its “rural” reclassification will cancel prior to October 1, 2010, check “Yes” to question 10.C., provide a copy of the CMS regional office letter approving the cancellation of the rural reclassification at **Attachment C-3**, and indicate this cancellation in the list at **Attachment C**.

**Note: If any hospital in the group submits an application for rural reclassification under 42 C.F.R. § 412.103 to the CMS regional office after submittal of this group application for reclassification to the MGCRB but before the MGCRB has issued its final decision with respect to this application, the applicant must simultaneously submit written notice to the MGCRB informing the Board of the hospital’s request for rural reclassification under 42 C.F.R. § 412.103.**

11. If the group is requesting an oral hearing, it must provide a brief narrative explaining the rationale for its request as **Attachment D**.
12. Self-explanatory.

#### **IV. ADJACENCY (ALL GROUPS)**

13. Both rural and urban groups seeking urban redesignation must be adjacent to the urban area to which they seek redesignation. In order to demonstrate that the group meets this requirement, the group must include, at **Attachment E** of the application, an original (i.e., no photocopies or facsimiles) map or maps, issued by a governmental entity or an organization such as the American Automobile Association on which the group highlights the county in which the group of hospitals is located and the requested area. The original map(s) and the two copies must be easy to read and clearly marked.

#### **V. METROPOLITAN CHARACTER (RURAL GROUP ONLY)**

14. Federal regulations at 42 C.F.R. § 412.232(b) and (d) discuss the metropolitan character criteria that hospitals in a rural county seeking urban redesignation as a group must meet and the data that must be utilized to meet these criteria.

For FFY 2011 redesignation, the group of hospitals must demonstrate that the county in which the hospitals are located meets the standards for redesignation to an MSA as an outlying county that were published in the Federal Register on December 27, 2000. The file which includes the standards for designating outlying counties that were published in the Federal Register on December 27, 2000 can be found at <http://www.census.gov/population/www/metroareas/files/00-32997.pdf>.

The Board will accept data only from the 2000 Census or U.S. Census Bureau estimates made after 2000. The group may obtain U.S. Census Bureau data from the U.S. Census Bureau at <http://www.census.gov/population/www/cen2000/commuting/index.html>. Applicants should include the necessary support information under **Attachment F**.

#### **VI. CSA CRITERIA (URBAN GROUP ONLY)**

15. Federal regulations at 42 C.F.R. § 412.234(a)(3)(iv) requires that hospitals in an urban county applying as a group for redesignation to another urban area must be located in the same Combined Statistical Area (CSA) or Core-Based Statistical Area (CBSA) as the urban area to which they seek redesignation.

The group may obtain CSA and CBSA listings via the Internet at <http://www.whitehouse.gov/omb/bulletins/fy2009/09-01.pdf>. In order to demonstrate that the urban area to which the group is applying is a part of the same CSA or CBSA in which the group is located, the group should attach the applicable page(s) of the U.S. Census Bureau CSA or CBSA listing as Attachment G.

**WAGE CRITERIA – 88 PERCENT COMPARISON**  
**(RURAL AND URBAN GROUPS)**

The group should attach its aggregate hourly wage computations as **Attachment H** of the application. The computations must include wages and hours for the three years used to calculate the wage index for each hospital in the group and a 3-year average hourly wage for the requested area. Hospitals may obtain this information via the Internet at <http://www.cms.hhs.gov/AcuteInpatientPPS/WIFN/list.asp>, and then accessing: “Three Year MGCRB Reclassification Data for FY 2011 Applications.”

The Board will use the final official data in evaluating if a hospital meets the reclassification criteria. All inquiries concerning the CMS wage and hour data should be directed to Brian Slater at [brian.slater@cms.hhs.gov](mailto:brian.slater@cms.hhs.gov).

**AFFIDAVIT**

The group application must contain an affidavit from each hospital in the group. Each affidavit must be signed by an officer of the hospital, e.g., the Administrator, vice president for finance, etc. or by a corporate officer of the hospital’s parent corporation. The official signing the affidavit must have the authority to sign the application for geographic reclassification on behalf of the hospital. The affidavit of each hospital must be fully completed, notarized, signed, and submitted as part of a timely filed application. The Board may dismiss the group’s application if the officer’s signature for each hospital in the group is not on the affidavit of a timely submitted application.

The official signing the affidavit is attesting to the veracity and correctness of that hospital’s information and data for the group application under penalty of perjury (28 U.S.C. Section 1746).

**TABS**

**TAB 1** - Example of Hospital Group Wage Comparison

**EXAMPLE OF HOSPITAL GROUP WAGE COMPARISON**

**WAGE COMPARISON**

42 CFR 412.232(c) OR 42 CFR 412.234(b)

		<b>COLUMN A</b>	<b>COLUMN B</b>
	<b>HOSPITAL</b>	<b>WAGES(PER CMS)</b>	<b>HOURS (PER CMS)</b>
	HOSPITAL 1	\$2,509,100	200,400
	HOSPITAL 2	\$26,816,668	1,754,095
	HOSPITAL 3	\$24,465,510	1,643,792
1	<b>TOTAL</b>	<b>\$53,791,278</b>	<b>3,598,287</b>
2	<b>COUNTY 3 YEAR AVERAGE HOURLY WAGE (AHW)</b> [ LINE 1, COL. A / LINE 1 COL. B ]		14.9491
3	<b>REQUESTED AREA 3 YEAR AHW</b> [FROM CMS HOSPITAL WAGE SURVEY]		16.52
4	<b>88% TEST [LINE 2 / LINE 3]</b>		<b>0.9049092</b>

Hospital Group meets the 88% test. However, in order to qualify for reclassification

- (1) An Urban Group must also meet the general criteria under 42 CFR 412.234(a)
- (2) A Rural Group must also meet the general criteria under 42 CFR 412.232(a) and the metropolitan character criteria under 42 CFR 412.232(b)

**NOTES:**

Rounding of numbers to meet the qualifying percentage is not permitted.

The average hourly wage data to be used in the calculations above is the official CMS 3 year aggregate occupational mix adjusted data used to develop the FY2010 Wage Index.